

Concept Note for Grant Proposals
(Max 2000 words)

1. Grant Sponsoring Division: FMD	2. Co-sponsoring Division(s)¹: OPR
3. Title of the grant: Capacity building Programme to improve project's financial management	
4. Value of IFAD grant: USD 3.0 million	5. Co-financing: Options to be explored with other IFIs (including World Bank, IADB, and the Islamic Development Bank) during the design phase. The recipient is expected to provide at least co-financing in kind. The level of co-financing will be a parameter to be duly considered during the competitive selection for the recipient.
6. Implementation period: 36 months (2019-2021)	7. GRIPS ID: XXXXXXXXXXXX
8. Selected Strategic Priority²: 6. Strategic Priority Endorsed by EMC	
9. Window: Indicate Global/Regional <input checked="" type="checkbox"/> Country <input type="checkbox"/>	10. Country/Countries: All countries with IFAD projects with special focus on those with projects classified as High or Medium Risk from a Fiduciary perspective. List to be provided on demand.
11. Recipient: <i>Select <u>one</u> of the following options</i> <ul style="list-style-type: none"> Competitive selection at CN stage <input type="checkbox"/> and name of recipient To be selected competitively at design stage <input checked="" type="checkbox"/> Direct selection <input type="checkbox"/> 	
12. Rationale for recipient selection and recipient capacity: The recipient will be competitively selected during the design process. The recipient must be a recognized international expert organization on Financial Management, possibly with extended project implementation experience in developing countries and a track record of collaboration with IFIs/UN Agencies. Physical presence of offices or sub-offices in the regions where IFAD operates (full list on IFAD website) and availability of experts proficient in IFAD official languages (English, French and Spanish) are a plus.	
13. Background/relevance: Empirical experience shows a direct correlation between good financial management practices, successful project management and the achievement of development objectives. Currently, approximately 23% of IFAD projects are classified as High Risk for Financial Management, 50% Medium Risk and 27% Low Risk. It is necessary to substantially reinforce the FM function at project level to support improved results on the ground. FM risk reduction can be pursued through wider capacity building activities of project's finance staff and increased quality of the assurance function (external audit). Other IFIs approach financial capacity-building in a more systematic manner than IFAD due to their size, but very often the IFAD-financed project staff are not included, especially in the more remote devolved government structures. This leaves a niche for IFAD to contribute to developing national financial capacities whilst directly enhancing project effectiveness through hands-on, professional nurturing. The proposed grant, using as baseline the set of FM issues that qualified projects as High risk or Medium risk, through training of key project finance staff, will aim at boosting actions to improve FM to reduce the risk to Medium or Low, helping ensure that the funds are available in the right place, at the right time and for the intended purpose. The Programme will provide training and capacity building to key project finance staff, starting with	

¹ Interdivisional and interdepartmental collaboration is strongly encouraged.

² The indication of a strategic priority **only applies to Global/Regional grants**.

participants working in High Risk projects. Grant activities include a final exam and certification. This grant proposal falls under the IFAD 11 Commitment Matrix - Commitment 4.1 - “Strengthen capacity and systems to manage for results”. This initiative, follows a similar structure to the Programme in Rural M&E (PRiME), will foresee reinforcing activities to strengthen both IFAD funded project’s capacity and that of its Member States to manage for results.

The “IFAD strategic framework 2016-2025”, underlines the need to strengthen the capacity of national stakeholders to formulate, manage, implement and evaluate national policies and Programme for smallholder agriculture and rural development.

The proposed grant will also be a powerful instrument to promote IFAD's professional engagement in international fora.

14. Direct and indirect target group: The direct target group consists of key finance staff working in IFAD-funded projects, especially the High and Medium risk ones. The target group is not geographically limited, as key finance staff from selected IFAD client countries all over the globe are expected to participate in training and certification activities.

The indirect target group includes the beneficiaries of targeted IFAD projects, as the grant aims to strengthen project-level Financial Management and assurance, which is an important prerequisite for achieving better development results and impact. Other indirect beneficiaries include counterpart Institutions, Agencies, and Ministries in countries where IFAD operates, whose effectiveness is likely to improve through improved Financial Management systems.

15. Goal, objectives and expected outcomes:

Goal: The broad goal of the **Capacity building Programme to improve project’s financial management** is to promote best practices in the financial management of IFAD-funded projects, including adoption of international accounting and reporting standards, where appropriate, contributing to greater project efficiency, value-for-money, smoother funds-flow, accounting and reporting arrangements, internal and external audit; in summary, supporting increased development impact and results.

Objective: To decrease the overall fiduciary risk of the IFAD portfolio through tailored training and capacity building of key project finance staff of IFAD funded projects.

Outcome: Improvement in the skill-base for key finance staff involved in the in IFAD-financed projects. Certifications will be released, where required.

Key outputs:

Approximately 250 key finance staff from the ongoing IFAD portfolio trained and certified
Financial Management products developed
Upgraded FM e-learning training course, in the official IFAD languages as a minimum
Specialized advanced Financial Management curriculum developed
Establish a fee structure to ensure scalability and sustainability beyond the grant

16. Key activities by component:

Component 1 – to be implemented in the initial period: Development of the Financial Management curriculum with due consideration to the reasons qualifying projects with High and Medium FM risk. The curriculum to include two modules for key finance staff:
Module 1 - Financial Management fundamentals based on international standards and best practices.
Module 2 - Advanced IFAD-specific Financial Management curriculum to be developed on IFAD context and procedures.

Component 2: Delivery of course to key finance staff. Module 1 delivered to the target group through

an introductory live session at the beginning of the year, on-line training modules, on-line exam to access Module 2, live IFAD specific session at the beginning of year 2, on-line training modules, presentation and approval of a plan to decrease the FM risk at project level, another live IFAD specific session, access to the final exam and certification. Training will be offered on a fee-paying basis also to other finance staff of IFAD-funded projects on a cost recovery basis of incremental costs, Finance Managers of projects funded by other IFIs, other government officials.

Component 3: Learning, sustainability and Programme management. Building on the platform already set-up for the PRiME Programme, a community of practitioners will be created to facilitate continued learning and knowledge-sharing among them. A fee structure will be developed for the Programme to ensure longer term sustainability beyond grant funds. Programme Management will cover all activities related to managing, administering and monitoring the grant activities.

17. Programme cost: Total Programme cost will include an IFAD grant of USD 3.0 million, to broken down into the three components described in Section 16, and IFAD Standard Categories of Expenditure. Additional Programme cost will include co-financing provided by the selected Recipient (cash or in-kind), plus additional international co-financing mobilised by the Recipient.

18. Risks: The long-term sustainability of the Programme is a risk. This grant is intended to address that risk by facilitating participation by other IFIs in the Programme and piloting fee arrangements for course participants such that the implementer may elect to continue once the grant has completed. The lessons learnt from PRiME will mitigate most of the implementation related risks.

19. Monitoring & Evaluation, KM and Learning: The Programme design will duly consider M&E, KM and Learning; the final design will embed adequate measures to assess results, share knowledge, and learn from experience. Feedback will be collected from course participants and trainers, and the curriculum will be regularly updated to reflect such feedback. Course participants will have to complete online assessments that measure their learning. Learning materials will be disseminated on-line in a publicly available website. Measuring results and learning-from-experience will be key principles applied during the Programme's deployment.

20. Supervision modalities: FMD will nominate a task management team to supervise the development of the curricula and deployment of training to ensure adherence to the IFAD evolving business model and procedures.

21. Linkages: Being an IFAD11 commitment, this grant is fully aligned with the strategic direction of IFAD and its priorities. This initiative is closely linked to and is replicating the best practices from PRiME. Following the success of PRiME phase I, this initiative plans to adapt the PRiME model to financial management capacity building in the rural development sector. PRiME, AVANTI, the Delivery Units and this proposed grant initiative are expected to provide a holistic package of support to borrowing countries to contribute to improved service delivery and eventually greater development impact.

22. Scaling up: In 2014, FMD created an on-line FM training with the basics of Financial Management practices applicable to IFAD projects. The e-learning is available on-line, was updated in 2017 and is now available in 7 languages the four official IFAD languages as well as Russian, Chinese and Portuguese. Finance staff working in IFAD-funded projects are encouraged to undertake the on-line training. With this grant, there is the opportunity to scale-up such activity, expand the themes, further increase the quality of the material, improve the skill-base, set-up the foundation for possible replication and self-sustainability of the Programme.

23. Sustainability: A fee based participation scheme for participants other than key project's finance staff could facilitate the Programme's future sustainability. There is full potential to expand the Programme as finance units of each project include a minimum of 3 – 4 finance staff, additional

interest may come from government officials managing the “IFAD Desk” in the Ministry of Finance. The potential number of additional self-funding trainees who could participate in the training is between 800 and 1,200. Staff turnover and the starting of new projects may further increase the potential audience. The fee structure will be developed and piloted during the period of this grant and will take into consideration the learning from the fee based pilot under PRiME that is being launched in 2019.

24. Other aspects: In addition to decreasing the fiduciary risk of the IFAD investment portfolio, the initiative will increase IFAD's engagement and exposure as a global player in the PFM architecture.